



# House of Representatives

General Assembly

**File No. 577**

*February Session, 2000*

Substitute House Bill No. 5855

*House of Representatives, April 12, 2000*

The Committee on Appropriations reported through REP. DYSON of the 94<sup>th</sup> Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***An Act Concerning Unexpended TANF Funds.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. (NEW) (a) Any federal temporary assistance for needy  
2       families block grant funds which remain unobligated at the end of any  
3       federal fiscal year shall be expended in any subsequent federal fiscal  
4       year for "assistance" to families, as defined in 45 CFR 260.31.

5       (b) Not later than thirty days after the end of each quarter beginning  
6       on July 1, 2000, the Commissioner of Social Services and the Secretary  
7       of the Office of Policy and Management shall submit a report to the  
8       joint standing committees of the General Assembly having cognizance  
9       of matters relating to human services and appropriations and the  
10      budgets of state agencies which specifies (1) the state programs for  
11      which the state will claim reimbursement under the federal temporary  
12      assistance for needy families block grant and the amount of  
13      reimbursement which will be claimed for each such program, and (2)  
14      the state programs in which expenditures for maintenance of effort

15 will be claimed for purposes of matching the federal temporary  
16 assistance for needy families block grant and the amount of such  
17 expenditures which will be claimed for each such program.

18 Sec. 2. This act shall take effect July 1, 2000.

**HS Committee Vote:** Yea 11 Nay 7 JFS C/R APP

**APP Committee Vote:** Yea 47 Nay 0 JF

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Affected Agencies:** Department of Social Services, Office of Policy and Management

**Municipal Impact:** None

**Explanation****State Impact:**

This bill specifies that any federal Temporary Assistance to Needy Families (TANF) block grant funds that remain unexpended at the end of any federal fiscal year shall be expended in any subsequent fiscal year for assistance to families. As this is current federal policy concerning these funds, there is no fiscal impact associated with this language.

The bill also requires the Department of Social Services and the Office of Policy and Management to provide quarterly reports to the General Assembly concerning which programs are used to claim TANF reimbursement and which programs are counted as part of the state's maintenance of effort requirements. The Office of Fiscal Analysis frequently requests this same information from the department. Therefore, this is not a new administrative burden and will not result in additional costs.

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**OLR Bill Analysis****sHB 5855*****AN ACT CONCERNING UNEXPENDED TANF FUNDS.*****SUMMARY:**

This bill requires that any Temporary Assistance for Needy Families (TANF) funds that remain “unobligated” at the end of a fiscal year be spent in future years on assistance to families, as defined in federal regulations. This conforms state law to federal law.

The bill also requires the social services commissioner to submit reports to the Human Services and Appropriations committees no later than 30 days after the end of each quarter, beginning with the first quarter of FY 2000-01. The reports must specify the programs and the amounts for which the state will (1) claim TANF reimbursement and (2) make maintenance of effort (MOE) claims. Federal law requires states to report such information within 45 days after the end of each quarter to the U.S. Department of Health and Human Services.

EFFECTIVE DATE: July 1, 2000

**BACKGROUND*****“Assistance” To Families***

Federal regulations define assistance as cash payments, vouchers, and other forms of benefits designed to meet a family’s ongoing basic needs. It does not include non-recurrent, short-term benefits; work subsidies; supportive services, such as child care and transportation for working families; and refundable earned income tax credits. When TANF funds are used as “assistance,” beneficiaries are subject to the five-year limit and work participation requirements. If the funds are not for assistance (i.e., benefits and services that support work, as well as benefits and services that do not provide support for basic needs on an ongoing basis), they are not subject to these rules.

Generally, unspent TANF funds fall into two categories—funds that have been obligated but not yet spent, such as funds committed under a contract for services to be delivered, and funds that have not been obligated or “un-obligated” ones. The preamble to the federal TANF regulations provides that states can spend funds carried over from previous years only on “assistance” or on the administrative costs directly associated with providing it. If a state obligates TANF funds from a given fiscal year for “non-assistance” before the fiscal year ends, those funds do not have to be spent until the end of the following federal fiscal year. After that, those funds may be spent only on “assistance.”

### **TANF and MOE**

The federal TANF program provides block grants to states for needy families. While states have a great deal of flexibility in designing their programs, certain federal requirements, such as work participation rates and a maximum five years of assistance, must be met if funds are considered “assistance.” The Jobs First program is Connecticut’s major TANF “assistance” program.

In addition, states must meet an MOE requirement, which is an expectation that they will maintain their level of spending for families. (States must spend at least 80% of what they spent in FY 1993-94 on welfare for families or 75% of that amount if they meet the work participation rate requirements.) To qualify as MOE, the expenditure must be:

1. in a program created by the TANF block grant;
2. in other state or local programs for TANF eligible families for cash assistance, child care, educational activities, administrative costs (15% limit), and any other uses the TANF legislation allows; or
3. on families who would otherwise qualify for assistance if not for the time limit.

Federal law prevents states from drawing down their block grant funds until the money is spent.

**COMMITTEE ACTION**

Human Services Committee

Joint Favorable Substitute Change of Reference

Yea 11      Nay 7

Appropriations Committee

Joint Favorable Report

Yea 47      Nay 0